

FINANCE OFFICER'S REPORT

INTRODUCTION

- 1.1** This report presents the first update on financial performance of the Core and Projects budgets of the Partnership for 2018/19, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of August 2018.
- 1.2** The report includes details of the cash flow position of the Partnership in respect of its' net lending to and borrowing from the City of Edinburgh Council.
- 1.3** The Partnership's Core and Projects budgets for 2018/19 were approved by the Partnership Board on 16th March 2018.

CORE BUDGET 2018/19

- 2.1** The core budget provides for the day-to-day running costs of the Partnership including employee costs, premises costs, supplies and services. The Board approved net expenditure of £531,000 on 16th March 2018. Details of the Partnership's core budget is provided in **Appendix 1** to this report.
- 2.2** Cumulative expenditure for the five months to 31st August 2018 was £202,000. This is within the core budget resources available for the period.
- 2.3** All expenditure estimates have been updated to reflect current expenditure commitments. At this stage in the financial year, activity on EU-funded projects is forecast to be less than anticipated, resulting in an under-recovery of employee costs of £9,000. This will be offset by a corresponding under spend on the Projects budget.

PROJECTS BUDGET 2018/19

- 2.4** The approved Projects budget is detailed in **Appendix 2**. The Projects Update report elsewhere on this agenda provides detailed information on progress with individual projects.
- 2.5** Net expenditure to 31st August 2018 was £101,000. As noted in paragraph 2.3, activity on EU-funded projects is forecast to be less than anticipated. The net year-end expenditure variance is forecast to be an underspend of £35,000. If this position is maintained to the year-end, £9,000 will be applied to offset the anticipated pressure on the Core budget, with the balance available to be allocated to Sustainable Travel projects, or other Partnership priorities. Further updates will be presented to future meetings of the Partnership Board in 2018/19 detailing any changes proposed to Project spending plans.
- 2.6** The profile of expenditure on Sustainable Travel is forecast to occur in the second half of 2018/19. Grant submissions have been invited from eligible organisations. A further update will be reported to the next meeting of the Board.

BALANCES

- 2.7** The Partnership holds a balance of £16,000 as a result of the underspend on the 2017/18 budget. Subject to the outcome of the annual external audit, the Partnership Board approved on 22nd June 2018 that this underspend should be utilised as funding for the Sustainable and Active Travel Grant Scheme. Following the annual external audit, there is no change to the balance of underspend from 2017/18 and it is therefore recommended that the underspend be utilised as funding for the Sustainable and Active Travel Grant Scheme. It is anticipated these funds will be fully spent in 2018/19.

CASH FLOW

- 2.8** As previously noted at Partnership Board meetings, the Partnership maintains its bank account as part of the City of Edinburgh Council's group of bank accounts. Cash balances are effectively lent to the Council, but are offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Partnership. Interest is given on month end net indebtedness balances between the Council and the Partnership.

An update of month-end balances is shown in the following table:

Date	Net Balance due to SESTran (+ve) /due by SESTran (-ve) £
30 April 2018	-£35,410.42
31 May 2018	-£46,362.76
30 June 2018	+£100,647.04
31 July 2018	+£182,922.84
31 August 2018	+£189,314.73

- 2.9** Interest is charged/paid on the month end net indebtedness balances between the Council and the Board. Interest will be calculated in March 2019.
- 2.10** The positive cash flow in the first five months of 2018/19 is attributable to funding received in advance, mainly from the Scottish Government grant, Councils requisitions and EU funding in respect of the Social Car project.

RECOMMENDATIONS

It is recommended that the Partnership Board: -

- 3.1** Notes an under-recovery of £9,000 for employee costs from EU-funded projects is forecast to be offset by a corresponding underspend of £9,000 on the projects budget. Total revenue expenditure is forecast to be within the revenue budget resources of the Partnership;
- 3.2** In line with the decision of the Partnership Board on 22nd June 2018, confirm approval for the 2017/18 underspend of £16,000 to be utilised as funding for the Sustainable and Active Travel Grant Scheme, following confirmation of the balance after the annual external audit;
- 3.3** notes that further updates will be presented to future meetings of the Partnership Board in 2018/19 detailing budget transfers proposed to Project spending plans.

HUGH DUNN
Treasurer
21st September 2018

Appendix **Appendix 1** – Core Budget Statement at 31st August 2018
 Appendix 2 – Projects Budget as at 31st August 2018

Contact Iain Shaw (iain.shaw@edinburgh.gov.uk)

Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising - the contents of this report point towards a balanced total revenue budget outturn for 2018/19.
Race Equalities Implications	There are no race equality implications arising as a result of this report.
Gender Equalities Implications	There are no gender equality implications arising as a result of this report.
Disability Equalities Implications	There are no disability equality implications arising as a result of this report.
Climate Change Implications	There are no climate change implications arising as a result of this report.

Core Budget 2018/19 – as at 31st August 2018

Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	347	145	139	350	3
National Insurance	37	15	15	36	(1)
Pension Fund	60	25	31	63	3
Recharges – Projects	(136)	(57)	(59)	(110)	26
Training & Conferences	10	4	2	8	(2)
Interviews & Advertising	2	1	0	0	(2)
	320	133	128	347	27
Premises Costs					
Office Accommodation	16	4	4	16	0
	16	4	4	16	0
Transport					
Staff Travel	9	4	2	7	(2)
Supplies and Services					
Marketing	20	8	10	10	(10)
Communications & Computing	90	61	55	90	0
Printing, Stationery & General Office Supplies	7	3	1	5	(2)
Insurance	4	0	0	4	0
Equipment, Furniture & Materials	1	0	0	1	0
Miscellaneous Expenses	6	3	2	5	(1)
	128	75	68	115	(13)
Support Services					
Finance	25	0	0	25	0
Legal Services / HR	7	0	0	7	0
	32	0	0	32	0
Corporate & Democratic					
Clerks Fees	15	0	0	12	(3)
External Audit Fees	10	0	0	10	0
Members Allowances and Expenses	1	0	0	1	0
	26	0	0	23	(3)
Total Expenditure	531	216	202	540	9
Funding:					
Scottish Government Grant	(341)	(142)	(142)	(341)	0
Council Requisitions	(190)	(190)	(190)	(190)	0
Total Funding	(531)	(332)	(332)	(531)	0
Net Expenditure/ (Income)	0	(116)	(130)	9	9

Projects Budget 2018/19 - as at 31st August 2018

Appendix 2

	Budget 2018/19	EU /Other Grant	Net Expenditure Budget	Net Spend to 31 August 2018	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
EU Projects						
Social Car	4	(4)	0	2	0	0
Share-north	60	(30)	30	22	22	(8)
Regio-mob	65	(55)	10	10	2	(8)
Surflogh	100	(50)	50	17	30	(20)
Go E-Bike	0	0	0	1	1	1
Total	229	(139)	90	52	55	(35)
RTPI						
Maintenance	108		108	66	94	(14)
Bus Operators income		(42)	(42)	(33)	(33)	9
Total – RTPI	108	(42)	66	33	61	(5)
Sustainable Travel	243		243	0	272	29
Urban Cycle Networks	132	(100)	32	13	32	0
Specialist Rail and Bus Advice	0	0	0	2	2	2
Equalities Action Forum	10	0	10	1	10	0
Total	722	(281)	441	101	432	(9)
Sustainable Travel - carry forward from 2017/18	16	0	16	0	16	0